

PSJ3

Exhibit 542

CVS / Cardinal follow-up

June 5th 2011

Discussion: The following questions have surfaced as we have been partnering on the SOM process for the past few months

How are thresholds handled for new drugs that enter the market where historical dispensing patterns can not be ascertained?

- Ex- Nucynta
- Ex- sublingual suboxone

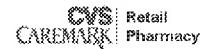
When a medication is backordered (ex- Amphetamine salts), what occurs to the thresholds of other medications within the same therapeutic class of medications since prescribers will begin to transition patients to other similar medications?

- We are seeing an increase in the dispensing of Lisdexamfetamine class of meds due to the backorder of Amphetamines salts

We have noticed that some C-II invoice order dates do not align to the actual date on the 222 form and we have not been able to discern when this occurs. Can you help us understand this?

What has been the result of the threshold events and data exchange process?

- e.g., Has Cardinal changed the thresholds for any of the stores?
- e.g., Has Cardinal reported any suspicious orders?"



CVS understanding of Cardinal SOM methodology

For each controlled substance, calculate a single threshold by applying a DEA-defined multiplier (e.g., 3 for oxycodone) to average historical orders across the chain

- Same threshold is applied to every store in the chain
- Create customized thresholds for individual stores based on further information
- Believe no other ordering patterns (e.g., frequency, unusual formulation within family) are flagged in algorithm.

Evaluate CVS cumulative orders on a monthly calendar basis against the threshold

When a monthly order accrues to 75% of overall or customized threshold, store hits “Early Dialogue” event and Cardinal alerts CVS

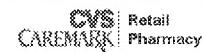
- CVS provides follow-up information
- Cardinal may choose to customize threshold for the store

When a monthly order reaches the threshold limit, store triggers a “Threshold Event”

- Cardinal holds the order and requests store information from CVS
- If order is approved, then Cardinal removes hold and possibly customizes threshold for store

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CVS to provide volume buckets

Cardinal indicated CVS store specific volume data was a priority

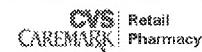
- Volume data would enhance current Cardinal SOM methodology
- Cardinal would then use volume data to bucket stores into “segments”

CVS will provide volume buckets for all stores serviced by Cardinal

- Volume buckets will be based on non-controlled volume
- Non-controlled volume will provide a good measure of the store size without allowing controlled volume to bias bucketing
- Within each bucket, assume Cardinal would follow a similar methodology as currently in place (i.e., calculate average historical volume and multiply by a factor to calculate a threshold)

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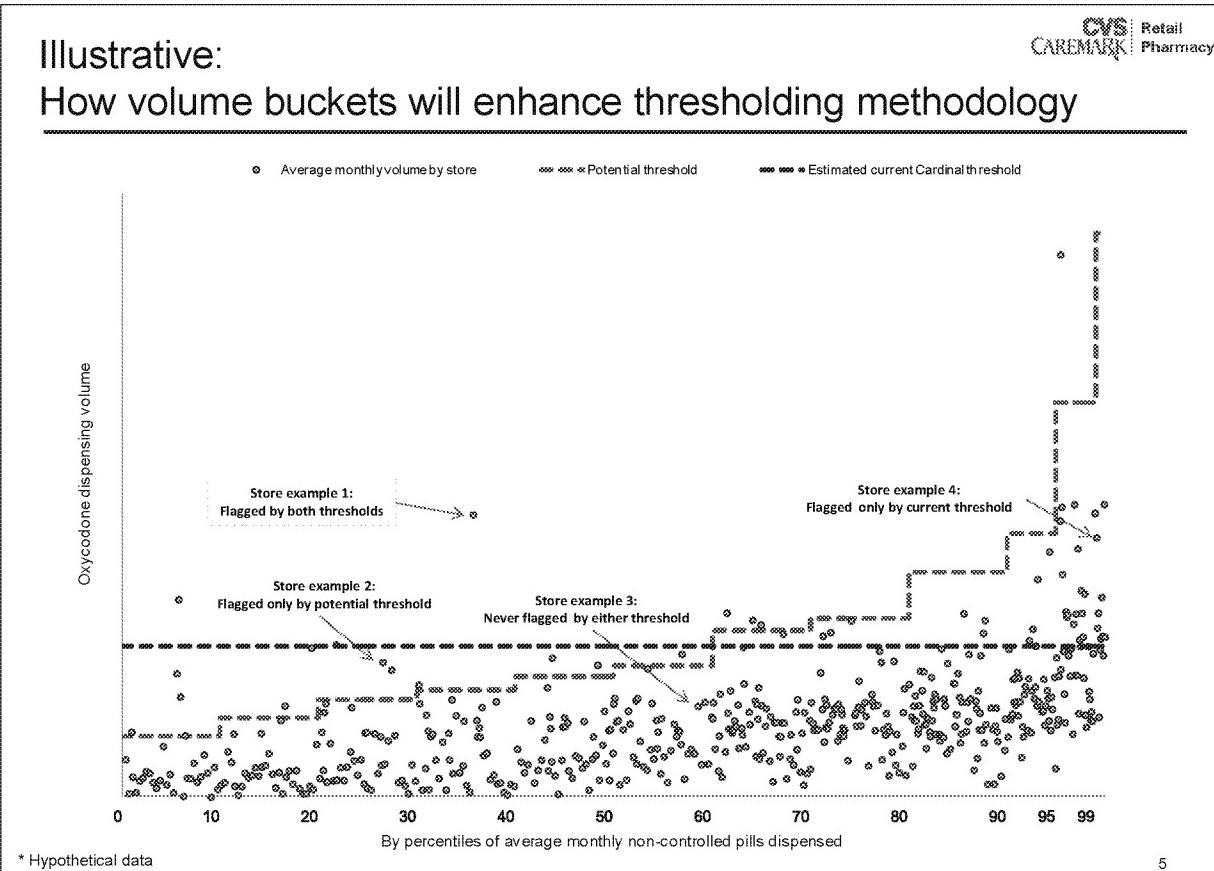
Summary of volume buckets

The 5,772 CVS stores that order from Cardinal are bucketed into deciles based on average monthly non-controlled volume

- The last decile is broken up to better account for large volumes

Percentile Bucket	Number of stores
0-10	578
10-20	577
20-30	577
30-40	577
40-50	577
50-60	578
60-70	577
70-80	577
80-90	577
90-95	289
95-99	231
99-100	57

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Illustrative:**How volume buckets will enhance thresholding methodology**

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